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THE DEMAND AND PRICE SITUATION

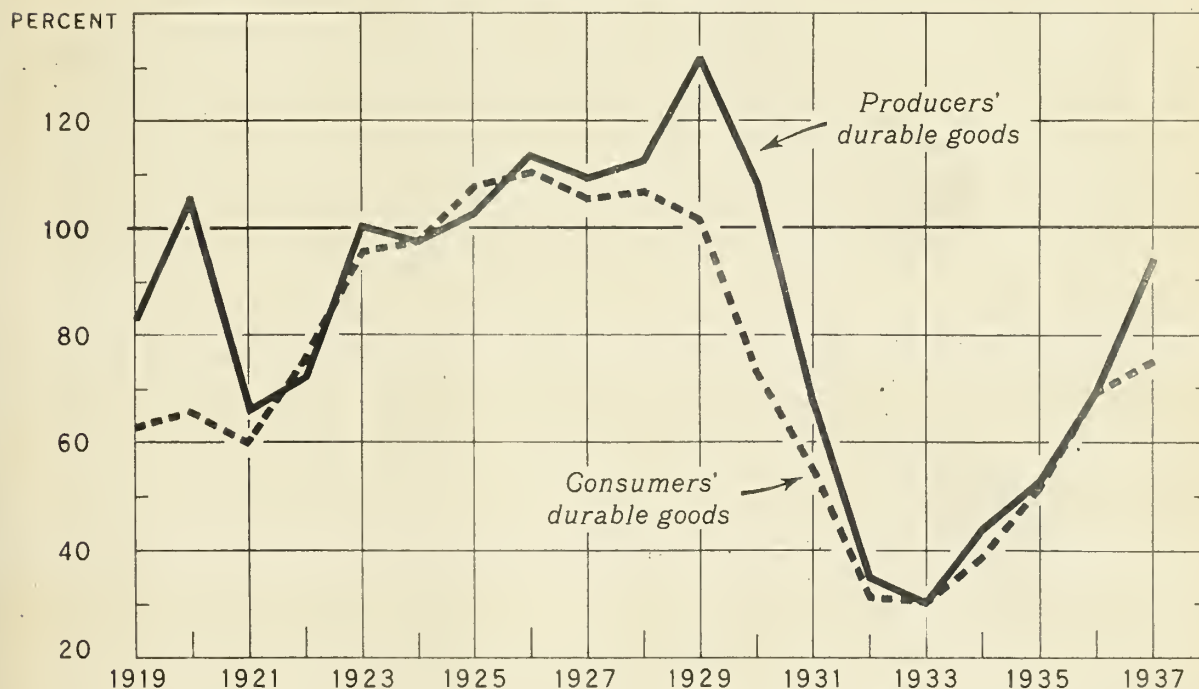
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.

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ESTIMATED PRIVATE EXPENDITURES FOR NEW DURABLE GOODS, UNITED STATES, 1919-37

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U. S. DEPARTMENT OF AGRICULTURE

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BUREAU OF AGRICULTURAL ECONOMICS

DURING INDUSTRIAL RECESSIONS BUSINESS MEN CURTAIL EXPENDITURES FOR NEW PLANTS AND EQUIPMENT, AND FOR REPAIRS. IN YEARS OF RISING BUSINESS ACTIVITY AND INDUSTRIAL PROSPERITY, THEY TEND TO INCREASE THEIR EXPENDITURES FOR SUCH PURPOSES. THE MONEY FOR THESE EXPENDITURES MAY BE OBTAINED FROM THE SALE OF NEW SECURITIES SUCH AS STOCKS AND BONDS, FROM BANK LOANS, OR FROM CASH RESERVES BUILT UP DURING YEARS WHEN PROFITS WERE GOOD OR WHEN DEPRECIATION WAS BEING CHARGED OFF WITHOUT COMPARABLE EXPENDITURES FOR REPLACEMENT. THE FACT THAT BANK LOANS AND SALES OF NEW SECURITIES DID NOT INCREASE MUCH FROM 1933 TO 1937 CAUSED MANY PEOPLE TO BELIEVE THAT THE RISE IN INDUSTRIAL ACTIVITY DURING THOSE YEARS WAS MAINLY IN CONSUMERS' GOODS. THIS CHART, BASED ON DATA FURNISHED BY MR. GEORGE TERBORGH, INDICATES THAT, ON THE CONTRARY, EXPENDITURES BY BUSINESS MEN FOR PRODUCERS' GOODS INCREASED DURING THIS PERIOD IN MUCH THE SAME WAY AS DURING OTHER YEARS OF RISING BUSINESS ACTIVITY. THE USUAL LAG IN THE PRODUCTION OF PRODUCERS' GOODS AFTER TURNING POINTS IN BUSINESS ACTIVITY MAY BE PROLONGED IN THE PRESENT RECOVERY BY UNFAVORABLE CONDITIONS IN THE RAILROAD, UTILITY, AND PRIVATE NON-RESIDENTIAL BUILDING INDUSTRIES.

The November issue of the Demand and Price Situation will consist mostly of brief summaries of the annual outlook reports for domestic and foreign demand, wholesale prices, farm income, and the principal commodities. The complete demand and commodity outlook reports will be released the week of October 31, at which time copies of the individual reports may be obtained, by writing to the Bureau of Agricultural Economics, Washington, D.C.

DOMESTIC DEMAND

Consumer incomes, which as usual are lagging behind industrial recovery, have made definite gains during the past 2 months. Despite the sharp rise in industrial production, factory payrolls failed to change appreciably in July, but the index rose from 70.6 in that month to 76.9 in August, with some additional advance indicated by conditions in September. Other incomes, as usual, are changing more slowly, but the index numbers of national incomes and of non-agricultural income both experienced slight increases from the low point reached earlier in the summer. The effects of these increases in consumer purchasing power have not as yet been plainly reflected in the consumer demand for farm products, due partly to the obscuring effects of other conditions and partly to the usual lag between changes in consumer buying power and demand.

The Federal Reserve seasonally adjusted index of industrial production advanced from the monthly low of 76, reached in May, to 88 in August and possibly to 90 in September. If the September indication is borne out, it means that the production of industrial products was the highest for any month since October 1937, and that slightly more than a third of the ground lost during the recession has been recovered.

The advance of industrial production was at a slower pace in September, due only partly to the unsettling influence of European political developments. It seems probable that any further improvement during the next few months will be at a slower rate than during the initial stages of the recovery. Steel production for some time has reflected the decreased inventories of miscellaneous steel users and the anticipated increases in buying by automobile manufacturers. Further large advances in steel output will require new sources of orders which are not now definitely in sight, although rising automobile production should be reflected in some additional increase. Rising automobile production is partly a seasonal factor, and already is reflected in higher activity of materials and parts manufacturing activities. Textile production seems to have difficulty in advancing beyond the higher levels reached before fall. Some slowing down of the pace of industrial recovery, however, may be considered as a favorable rather than unfavorable sign, since it may be due to conditions which will make for a more sustained and less irregular recovery than otherwise would occur.

FOREIGN DEMAND

Industrial production in foreign countries and the foreign demand for United States farm products continue relatively weak.

World industrial production, excluding the United States, has declined 5 percent since the 1938 high point of February and March. In some countries and in some industries the decline has been much greater. The volume of international trade, as computed by the League of Nations, also declined materially between the first and second quarters of 1938. The League's index of world stocks of 24 important primary products rose 23 percent in the year ended June 1938.

In England, industrial activity has been marking time since May, at a level about 10 percent below last year's peak reached in August and September. The Economist's index of business activity in England includes several items that have either a secular increase or a high degree of stability such as electricity consumption, postal receipts, and commercial motors in use. If the production of iron, steel and textiles were weighted as heavily in the English index as in our Federal Reserve index of industrial production, the former would show considerably more than a 10-percent decline since August 1938.

The physical volume of exports of United States farm products continues relatively high. The seasonally adjusted index of the volume of agricultural exports in August was at the highest level for that month in 5 years. Unusually heavy shipments of leaf tobacco - approximately 35 million pounds - helped materially to bolster the August export volume of farm products. These sustained agricultural shipments in turn served to effect a moderate August upturn in the value of our exports as a whole, more than offsetting reduced exports of manufactured products. Our total imports, on the other hand, increased sharply (17 percent) from July to August - the first major advance in more than a year. Expansion in United States imports, reflecting improvement in domestic business activity, was fairly widespread, with increased imports of raw materials, other industrial products, and finished goods.

WHOLESALE PRICES

Fluctuations in the general level of wholesale prices during the past month were largely counteracting, with little net change. Except for a temporary rise in July, the Bureau of Labor Statistics index of wholesale prices has rounded week by week to 78 percent of the 1926 average for approximately 6 months.

In recent weeks prices of some industrial raw materials have continued the rise which began in early summer, with gains particularly sharp in prices of rubber, hides, and raw silk. This has been offset by declines in prices of some finished products and agricultural commodities.

The ratio of wholesale prices of farm products to nonagricultural products for the week ended October 8 was 80 percent of the pre-war level, compared with 90 for the corresponding week a year earlier and 99 percent 2 years previous.

The combined index of wholesale prices in 9 foreign countries that have a considerable influence on the foreign demand for our farm products has declined from 87 in June, to 86 percent of the 1924-29 average in August. Prices in England, Canada, France, and Italy rose somewhat in recent weeks, reflecting the disturbed situation in Europe.

PRICES RECEIVED AND PAID BY FARMERS

Market prices indicate that the general level of prices received by farmers in mid-October is not much changed from mid-September. Prices of cotton, fruits, eggs and dairy products have advanced since a month ago, whereas prices of hogs, cattle, corn and poultry have declined.

The general level of prices received by farmers in mid-September advanced to 95 percent of pre-war compared with 92 in August and 118 in September 1937. Most of the farm products groups advanced moderately from August to September. The preliminary estimate of prices paid by farmers for commodities in September, at 122 percent of pre-war, was unchanged from the August average, compared with 130 in September last year. Reflecting the increase in prices of farm products, the ratio of prices received to prices paid by farmers increased to 78 percent of pre-war, compared with 75 percent in August and 91 a year earlier.

COTTON

Domestic cotton prices advanced about one-half cent per pound during the past month with the price of Middling 7/8" at the 10 markets on October 13 averaging about 8 $\frac{1}{2}$ cents. While estimates of the total supply of cotton increased slightly during the past month, substantial quantities of the 1938 crop began to move into Government-loan stocks and general demand conditions improved.

The domestic cotton textile situation was somewhat more favorable during the past 4 weeks than in the preceding month. Manufacturers' sales of cotton textiles were apparently about equal to or a little greater than production which was maintained at a rate considerably above the average for last season. Cloth and yarn prices advanced about in line with the advance in cotton prices, leaving manufacturers' margins about unchanged. Domestic mills consumed approximately 534,000 bales of cotton during September compared with 561,000 bales in August and 601,000 bales in September last year. The daily rate of consumption in September was about the same as in August.

In the latter part of September, European political developments are reported to have stimulated sales of cotton textiles for local consumption in some foreign countries but to have heavily retarded sales to export markets. More recently, however, the improved political situation has been favorable to a revival of cotton textile export business. In the Orient, cotton consumption continued at about the same comparatively low level of the preceding month.

An increase in domestic crop prospects and a larger carry-over than was estimated a month ago have increased the indicated total supply of cotton for the current season, despite some indications of reduced foreign crop prospects. With loan rates considerably higher than market values in many parts of the Cotton Belt, however, reports received by the Commodity Credit Corporation up to October 13 show that about 940,000 bales of the 1938 crop have been pledged on Government loans. According to these reports, 820,000 bales were pledged during the 2 weeks ended October 13.

WHEAT

Wheat prices in the United States and Liverpool declined following the easing of the European political situation. United States wheat prices, however, did not decline as much as Liverpool prices, reflecting dry conditions in the Southwestern wheat States, strength in security markets and purchases by the Federal Surplus Commodities Corporation at loan values. Wheat prices during the next few months are expected to depend largely upon changes in crop prospects in Argentina and Australia (where the harvest occurs in December and January), reports on the area sown and progress of the United States winter wheat crop, and general business conditions.

World wheat production for 1938-39 is now estimated at 4,375 million bushels, which is about 50 million bushels more than the estimate made a month ago, and about 540 million bushels greater than the 1937-38 harvest. Production in the Northern Hemisphere countries is estimated at about 500 million bushels more than last year and prospects in Argentina and Australia indicate an increase of about 40 million bushels.

With world stocks on July 1 estimated at 595 million bushels, which is about 75 million more than a year earlier, total supplies are about 4,970 million bushels, or 615 million greater than a year ago. With low prices and abundant supplies, disappearance during the present marketing season may approximate 3,795 million bushels. On the basis of these figures, the carry-over in July 1939 would be expected to amount to about 1,175 million bushels. The record carry-over in 1933 was about 1,195 million bushels.

In terms of world trade, there appears to be a total of about 900 million bushels of wheat available for export in exporting countries after allowing for domestic requirements and carry-over, while world net imports are estimated at about 550 million bushels. Even though the general export situation is not favorable, Government aid is expected to result in total United States exports of about 100 million bushels. This is about the same as a year ago when Canada and Argentina had small crops, and about the same proportion of total world trade as occurred before the decline in both world and United States exports began in 1929 and 1930. Exports of wheat including flour made wholly of United States wheat for July-September are estimated at about 28 million bushels which compares with 13 million bushels for the same 3 months in 1937.

CORN AND OTHER FEED GRAINS

Cash corn prices declined from the middle of September to early October, and the average price of No. 3 Yellow corn at Chicago for the week ended October 8 was 47.5 cents per bushel; this was below the lowest weekly average in 1937-38, and compares with 52 cents per bushel for the week ended September 10. Oats and barley prices were practically unchanged from mid-September to early October, but they both are higher than the low prices earlier in the season. Prices of cottonseed cake and meal and most other high protein feeds are higher in relation to corn than they were in October last year, although actual prices are near or below those a year ago. The September 15 farm price of hay was \$6.70 a ton, which compares with \$8.91 for that month last year, and is the lowest price since June 1933. The low level of hay prices reflects the large supplies of hay per hay consuming animal.

The total supply of the four feed grains, including the October 1 indicated production and the carry-over at the beginning of each of the marketing years, was 4 percent larger than in 1937, and slightly larger than the 1928-32 average. The total farm supply remaining on October 1 was 99 million bushels, which compares with 97 million bushels on October 1 last year. It was the largest supply on that date since 1932. Supplies per grain consuming animal unit on October 1 were slightly smaller than a year ago, about the same as in 1932, and the largest for any other year since 1925. Total disappearance of oats for the period July - September was larger than last year, and the total supply of oats on October 1 was 867 million bushels compared with 941 million last year and 967 million bushels for the 1928-32 average. The corn supply, including the October 1 carry-over and indicated production on that date, is 2,821 million bushels, or 110 million bushels larger than a year ago. With the expected increase in livestock numbers, the total supply of feed grains per grain consuming animal may be slightly less in 1938-39 than it was in 1937-38.

Exports of corn for the 1937-38 marketing year are estimated at about 140 million bushels.

FLAXSEED

The average price of No. 1 flaxseed at Minneapolis was \$1.85 per bushel for the week ended October 8, which was 14 cents per bushel higher than the low level reached for the week ended August 20. The advance in prices during this period was apparently largely due to the increased rate of building activity and the resulting increase in the demand for flaxseed. The average price of flaxseed at Buenos Aires for the week ended October 8 was \$1.09 per bushel, making the average margin between domestic and Buenos Aires flaxseed prices 76 cents for that week.

The 1938 crop was indicated to be 7,936,000 bushels on October 1, which compares with 6,974,000 bushels last year and an average production of 13,751,000 bushels for the period 1927-36. The larger crop this year was about offset by a small carry-over, and the total supply is 10,135,000 bushels, or about the same as the 1937-38 supply. The improvement in the domestic demand situation which has occurred during recent months is expected to continue. The demand situation in Europe, however, may be less favorable than it has been during the past year, and the world demand situation may not change materially.

The total supply of flaxseed in Canada for 1938-39 is now estimated at 1,800,000 bushels, which is much below average, but is about one and one-half times as large as the very small supply last year. The crop in India is estimated at 18,300,000 bushels compared with 17,800,000 bushels last year. Little information is yet available on the Argentine crop to be harvested next spring, but preliminary estimates place the acreage at about 2 percent below that of last year. With average yields this would produce a crop considerably larger than the 1937 crop, however, since yields last year were below average.

BUTTER

Milk production on October 1 was at a new high for that date. Production is declining seasonally, but is likely to continue comparatively large during the winter. Feeds are cheap, and feed supplies per animal unit large.

Prices of butter have been unusually stable due primarily to the butter purchase program. The Dairy Products Marketing Association has purchased practically the full 115 million pounds which the program provided for. In recent weeks the Federal Surplus Commodities Corporation has renewed its purchases on the open market, and has also purchased butter from the Dairy Products Marketing Association. The Federal Surplus Commodities Corporation has been authorized to purchase up to 90 million pounds during the fiscal year ending June 30, 1939.

Production of milk has been high, but there has been little or no tendency for fluid consumption to increase. Thus the effect of the increased milk production has been reflected almost entirely in the production of manufactured products. In August total production of the principal manufactured products was 14 percent larger than a year earlier, and 4 percent above the preceding peak for the month. In contrast to this large production there has been little increase in consumption. Stocks have increased to record highs. The principal adjustment of consumption to the increase in production will probably occur during the coming winter. A considerable volume of butter will probably be distributed through relief channels.

Estimated consumer expenditures for butter in August were 14 percent less than a year earlier, and the lowest for the month since 1933. With improvement in consumer incomes it is expected that there will be an increase in expenditures for butter, but they will probably continue lower than in 1937, during the remainder of the year.

POULTRY AND EGGS

By early fall some indications of the prospects for poultry and eggs during the ensuing year are available. At the present time, important developments during 1939 are expected to include: (1) a larger hatch than in 1938, resulting from the continued favorable feed and egg price situation; (2) larger poultry supplies throughout the coming year, because of the increase in the 1938 hatch and the expected further increase in 1939; (3) increased supplies of eggs, due to a larger number of pullets entering laying flocks and the favorable feed situation; (4) an increase in storage holdings of eggs in 1939 compared with the very low stocks of 1938, as a result of the larger supplies of eggs and the anticipated favorable outcome of the current storage deal; (5) increases in consumers' incomes to at least partly offset the unfavorable price effects of larger supplies of both poultry and eggs.

The production of fall and winter broilers is increasing materially because of expansion by producers already established in the industry and the entrance of new producers. The effects of this increase may offset any advantage gained through the more favorable feed situation this year.

Turkey production in 1938 is estimated at nearly 4 percent more than in 1937. The price effects of increased supply and lower consumers' incomes during the current marketing season than in 1937 will be partly offset by the producers' lower costs of production this year. A favorable outcome for producers in 1938 and abundant feed supplies for next season may result in a further increase in numbers of turkeys in 1939.

HOGS

A further seasonal increase in hog marketings is expected during the next few months. In view of the larger spring pig crop this year than last marketings of hogs during the coming winter and spring probably will be larger than a year earlier. The increase over a year earlier in the first quarter of 1939, however, may be considerably larger than that in the last quarter of this year (October-December). Consequently, the seasonal reduction in marketings in the late winter and early spring probably will be less than usual.

Hog prices weakened somewhat in the last half of September and in early October. The average price of butcher hogs at Chicago for the week ended October 8 was \$8.45 compared with about \$8.85 in early September and \$9.65 in mid-July, the highest weekly average for the summer. The drop in prices in the past 2 months reflects the increase in the market movement of new crop hogs, which got under way in volume earlier than usual this year. Inspected hog slaughter in September, totaling 2,671,000 head, was larger than in August and it was 31 percent larger than in September last year. Ordinarily hog slaughter in August or September is the smallest for any month of the year, but slaughter in July this year was smaller than in either August or September, largely because of the early marketings of spring pigs in the past 2 months.

Hog slaughter under Federal inspection in the 1937-38 marketing year, which ended September 30, totaled 34.6 million head. The average weight of these hogs was about 234 pounds, the heaviest since 1930-31 at least. It is expected that inspected hog slaughter in the 1938-39 marketing year, which began October 1, will be around 8 or 10 percent larger than in 1937-38. This increase in slaughter will be a reflection of the increase in the number of pigs raised this year. With abundant feed supplies in most areas and a high hog-corn price ratio a further increase in the number of pigs raised in 1939 is probable.

CATTLE

Receipts of choice and prime beef steers at Chicago in September, although much larger than a year earlier, were smaller than in July and August. And with continued improvement in the demand for finished cattle and for all meats, prices of such steers in early October advanced to new high levels for the year. In contrast to the course of prices of well-finished cattle, prices of most other grades of slaughter cattle have declined since mid-July because of seasonally increased marketings. The spread between prices of the better and lower grades of slaughter cattle has widened rapidly. In early October this spread was somewhat wider than usual for that period, but it was not nearly so wide as a year earlier. The price spread ordinarily is the widest for all months in October, with prices of the better grades at or near their seasonal peak, and prices of the lower grades at or near the seasonal low point for the year.

The number of cattle slaughtered under Federal inspection in September was about 8 percent larger than in August and 12 percent larger than in July, but was 2 percent smaller than in September 1937. Chiefly because of the increased number and proportion of steers, the total live weight of inspected cattle slaughter from January through August was slightly larger this year than last, despite a 2-percent reduction in the total number of cattle slaughtered. But the live weight of inspected calf slaughter from January through August this year was 14 percent less than the record slaughter last year.

Both beef and veal production in 1939 are expected to be somewhat smaller than in 1938, with all of the decrease in beef production resulting from reduced marketings of cows and heifers. Smaller marketings of cows and heifers and a somewhat stronger demand for meats probably will be strengthening factors for cattle prices in 1939. But these factors may be offset by increased marketings of grain-fed cattle and hogs.

LAMBS

Marketings of sheep and lambs in September were the largest for the month on record. Inspected slaughter, totaling 1,694,000 head, was 6 percent larger than in August, 16 percent larger than in July, and 1 percent larger than the unusually large September slaughter last year. With the large seasonal increase in supplies, prices of lambs declined fairly sharply in late July and early August. They held about steady in late August and early September but declined again after mid-September. Some recovery in lamb prices occurred, however, in late September and early October. The average price of good and choice spring lambs at Chicago in September was about \$8.10, \$1 lower than in July and nearly \$2.50 lower than in September 1937.

During the 1937-38 fed lamb marketing season (December-April), prices of sheep and lambs averaged about \$2 less than those of a year earlier, and were the lowest in 5 years. Slaughter supplies totaled about the same as in the 1936-37 season. Weakness in consumer demand for meats and in wool prices were the factors chiefly responsible for the relatively low level of prices of fed lambs last year.

The lamb crop in 1938 was 5 percent larger than that of 1937, and was the largest on record. Inspected slaughter of sheep and lambs during the first 5 months of the grass lamb marketing season, from May through September, was about 6 percent larger this year than last. Present indications as to the number of lambs that will be fed this year are uncertain, although supplies of feed are larger than a year earlier and pasture and range conditions in most areas have been the best in recent years. Returns from lamb feeding last winter were relatively less favorable than returns from cattle and hog feeding. Hence it is possible that changes in the number of livestock fed this winter compared with last will be toward increased cattle and hog feeding rather than increased lamb feeding.

WOOL

The improvement noted in the domestic wool situation since June was fairly well maintained the past month. Uncertainty in the foreign situation

and the flood and hurricane damage in New England were restraining factors in domestic raw wool sales in September, but sales increased sharply in the early part of October. Prices of graded wools did not change materially during the month.

The recent advance in domestic prices and the decline in foreign prices in terms of United States dollars has widened the spread between domestic and foreign prices and the spread is now not much less than the tariff. During the remainder of 1938, domestic wool prices will be influenced to a greater extent than in recent months by the movement of foreign prices.

The weekly average rate of mill consumption of apparel wool in the United States in August was 27 percent higher than in July, and it was 15 percent higher than in August 1937. The rate of consumption in August was the highest reported since April 1937. Consumption in the first 8 months of 1938, however, was about 35 percent smaller than a year earlier.

Because of the relatively low stocks of manufactured goods and the improvement in the business situation generally, the recent improvement in domestic mill consumption is expected to be fairly well maintained during the remainder of this year. With the small consumption in the first half of this year, however, consumption for the entire year 1938 may be smaller than in 1937.

Since the beginning of the new domestic wool marketing season last April, when stocks were large, imports have been much smaller than a year earlier. But the reduction in imports has been largely offset by the decrease in domestic mill consumption in 1938 from that of 1937. Consequently the total supply of wool in this country early in September continued to be much larger than a year earlier.

FRUITS

Fruit prices in general during the past month continued relatively low, owing largely to weak consumer demand, although some improvement occurred in apple prices. Domestic demand for all fruits, however, is expected to show some improvement during the fall and winter as a result of prospective increases in consumer incomes.

Foreign demand for United States fruits may be somewhat better than last season because of the relatively light fruit crops in England and most European countries. A lower level of business activity in many countries, continued decline in the value of the French franc, and a continuation of import duties and trade restrictions which were in effect last year are factors tending partially to offset the effect of smaller foreign fruit crops.

Prospective apple production for the 1938 season declined about 2 percent during September and is now indicated at 130 million bushels, compared with 211 million bushels produced in 1937 and the 1927-36 average of 151 million bushels. The hurricane of September 21 caused a severe loss of unharvested apples in the New England States, particularly the Baldwin variety. Although a large part of the fruit blown off trees will be salvaged for fresh use and cider, it is certain that large quantities will be lost entirely. The October forecast of production excludes the quantity estimated to be a total loss.

Total pear production was indicated on October 1 at 31.5 million bushels, slightly less than the September estimate, but the largest crop on record. Considerable quantities of Bartletts included in the 1938 estimates for Washington and Oregon were not harvested because of low prices.

Prospective grape production declined slightly during September due chiefly to rain damage in California, Pennsylvania, and Ohio. October 1 condition indicates a total United States production of 2.5 million tons compared with the record 1937 crop of 2.8 million tons and the 1927-36 average of 2.2 million tons.

Total grapefruit production for the 1938-39 marketing season was indicated by October 1 condition at nearly 41 million boxes, one-third larger than the previous record crop of last season. Production of oranges from the 1938 bloom, for all varieties except California Valencias, is placed at 50 million boxes compared with 46 million boxes of the same varieties in 1937-38 and 38 million boxes in 1936-37.

POTATOES

Potato prices at New York City rose from an average of 79 cents per 100 pounds (excluding Idaho Russets) during the first week of September to \$1.02 per 100 pounds the first week in October. At Chicago prices declined slightly during the same period and averaged around \$1 per 100 pounds in early October. Because of increasing shipments prices of Idaho Russets declined at both markets during the last months or from \$2.58 to \$2.06 per 100 pounds at New York and from \$1.69 to \$1.42 at Chicago.

The potato crop in 1938 is indicated at 373 million bushels or only 5 percent less than the 1937 production. Yields per acre are expected to average only slightly less than the relatively high yields of 1937. Practically all of the reduction in the crop this season, therefore, is due to a decrease of 4 percent in the acreage for harvest. In the late States (excluding the early crop in California) the October 1 condition indicated a crop of 289 million bushels or about 6 percent less than in 1937 and 3 percent less than the 1927-36 average. The indications point to a crop in the 8 Eastern late States about 10 percent smaller than last year while in the 10 Central late States it is indicated to be about 2 percent larger and in the 12 Western late States 14 percent smaller. In the 7 intermediate States,

the total crop is estimated to be nearly 37.5 million bushels or slightly larger than last year and the average. The total crop in the 11 early States is estimated at 37.9 million bushels or about the same as in 1937 but about 20 percent greater than the 1927-36 average.

TRUCK CROPS

Production of most of the important late truck crops this season is indicated to be substantially larger than last year. Late cabbage, both domestic and Danish types, carrots, celery, onions, green peas, and tomatoes, all are indicated to be in greater supply this fall and early winter than last year. In contrast, however, production of late beets, cauliflower, eggplant, lettuce and spinach probably will be slightly smaller than in 1937. Some of the late truck crops such as Danish cabbage, carrots, celery, and onions are normally stored for the late winter market, and all of these are indicated to be plentiful this season.

Although supplies of late truck crops are indicated to be generally larger than a year ago, until recently the quantity moving to market in car lots was substantially less than in the corresponding period in 1937. This indicates that the upward trend in motor truck shipment is continuing this season. Also it is evident that the supply of home-grown vegetables was larger this season. This supply, however, is about exhausted and the carlot movement has been sharply upward in recent weeks. Rail and boat shipments in early October showed some seasonal increase over that of a month earlier and were substantially larger than a year earlier.

Because of the pressure of relatively large supplies and because of relatively low consumer purchasing power, terminal market prices of most truck crops in mid-October were lower than a year earlier. Prices of truck crops taken as a group usually reach a seasonal low point in September and then advance rather sharply to a relatively high level in the late winter months.

Business statistics relating to the demand for farm products, specified periods

Year and month:	: Nation- al income	: Nonagri- cultural income	: 2/ : production	: 3/ : 3/	: Build- ing : con- tracts : awarded	: 1923-25	: 1923-25	: 1923-25	: 1924-29	: 1924-29	: Income: Foreign : of : indus- : trial : comm- : ment : ity : prices : 4/ : workers:duction:prices : 8/ : 5/ : 6/ : 7/ : 9/ : 10/ : paid	: Retail: food : received : by : to : farmers:farmers : prices	: Prices : re- : ceived : by : to : 9/ : 10/ : paid	: Prices : paid : received : by : to : 9/ : 10/ : paid	: Ratio of : prices : received : by : to : 9/ : 10/ : paid
Base :	1929	1924-29	1923-25	1923-25	1923-25	1923-25	1923-25	1923-25	1924-29	1924-29	1923-25	1910-14	1910-14	1910-14	1910-14
period-															
1929 :	100	107	119	117	106	106	106	106	106	106	136	139	166	146	153
1930 :	93	100	96	92	92	92	92	87	87	87	124	126	158	126	145
1931 :	80	86	81	63	78	78	78	67	67	67	111	107	130	87	124
1932 :	63	68	64	28	66	66	66	46	46	46	97	95	108	65	107
1933 :	58	63	76	25	73	73	73	48	48	48	107	96	105	70	109
1934 :	66	72	79	32	86	86	86	60	60	60	116	109	117	90	123
1935 :	71	77	90	37	91	91	91	67	67	67	124	117	127	108	125
1936 :	82	87	105	55	98	98	98	77	77	77	132	118	130	114	124
1937 :	88	96	110	59	106	106	106	90	90	90	144	126	135	121	130
1937- :															
July :	89	98	114	67	108	108	108	95	95	95	142	128	136	125	133
Aug. :	90	98	117	62	109	109	109	95	95	95	142	128	135	123	132
Sept. :	89	97	111	56	109	109	109	92	92	92	146	128	136	118	130
Oct. :	88	97	102	52	107	107	107	90	90	90	148	125	135	112	128
Nov. :	86	95	88	56	101	101	101	83	83	83	148	122	132	107	127
Dec. :	86	98	84	61	94	94	94	76	76	76	145	119	131	104	126
1938- :															
Jan. :	84	90	80	52	88	88	88	71	71	71	141	118	127	102	126
Feb. :	83	88	79	51	88	88	88	69	69	69	142	116	124	97	126
Mar. :	83	88	79	46	88	88	88	69	69	69	142	116	125	96	125
Apr. :	81	87	77	52	86	86	86	66	66	66	140	115	126	94	125
May :	80	85	76	51	83	83	83	65	65	65	141	114	125	92	125
June :	81	85	77	54	82	82	82	64	64	64	141	114	127	92	124
July 11/	31	86	83	59	82	82	82	66	66	66	134	115	127	95	123
Aug. 11/	82	87	88	70	86	86	86					114	124	92	122
Sept. 11/												114	125	95	122

See notes on page 14.

Continued -

Business statistics relating to the demand for farm products, specified periods - Continued

NOTES:

- 1/ Department of Commerce monthly and annual index numbers of "national income paid out", 1929 = 100. (monthly adjusted for seasonal variation). Comprises the payments to or receipts by individuals in the form of wages, salaries, interest, dividends, entrepreneurial withdrawals, and net rents and royalties. Monthly index described in Survey of Current Business, February 1938. Revised October 1938.
- 2/ Industrial Relations Division of the Agricultural Adjustment Administration, 1924-29 = 100, adjusted for seasonal variation. Entire series was revised in July 1937.
- 3/ Federal Reserve Board index, 1923-25 = 100, adjusted for seasonal variation.
- 4/ Bureau of Labor Statistics index, 1923-25 = 100, without seasonal adjustment. Revised September 1938.
- 5/ Bureau of Agricultural Economics, 1924-29 = 100, adjusted for seasonal variation. Includes factory workers, railroad and mining employees. In process of revision.
- 6/ Bureau of Agricultural Economics, 1923-25 = 100, adjusted for seasonal variation. Weighted average of index numbers of industrial production for nine foreign countries - United Kingdom, France, Germany, Italy, Japan, Canada, Belgium, Czechoslovakia, and Poland. Series was revised from January 1920 through July 1935 in July 1937 - and from August 1935 through August 1937 in November 1937.
- 7/ Bureau of Labor Statistics index, 1910-14 = 100, without seasonal adjustment.
- 8/ Bureau of Labor Statistics index, 1913 = 100.
- 9/ Bureau of Agricultural Economics, August 1909-July 1914 = 100.
- 10/ Bureau of Agricultural Economics 1910-14 = 100.
- 11/ Preliminary.